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17 UNITED STATES DISTRICT COURT  
18 CENTRAL DISTRICT OF CALIFORNIA  
19

20 JIPC MANAGEMENT, INC.,

21 Plaintiff,

22 v.

23 INCREDIBLE PIZZA CO., INC.;  
24 INCREDIBLE PIZZA FRANCHISE  
GROUP, LLC; CJM RACING, LLC.,

25 Defendant.  
26  
27  
28

Case No. CV08-4310 MMM (PLAx)

**PLAINTIFF'S OPPOSITION TO  
DEFENDANTS' MOTION IN  
LIMINE NO. 8 RE: EVIDENCE  
OF ALLEGED "BAD FAITH"  
PRECEDING PLAINTIFF'S  
CLAIMS**

**Hon. Margaret M. Morrow**

**Date: July 13, 2009  
Time: 9:00 a.m.  
Ctrm: Roybal 780**

1 Plaintiff JIPC Management, Inc. (“JIPC”) submits this Opposition to  
2 Defendants’ Motion in Limine No. 8 (“MIL No. 8”) Re: Evidence of Alleged “Bad  
3 Faith” Preceding Plaintiff’s Claims.

#### 4 **MEMORANDUM OF POINTS AND AUTHORITIES**

##### 5 **I. Defendants’ Intent Is Relevant to Several Issues in This Case.**

6 Defendants seek to exclude any evidence that might suggest bad faith on the  
7 part of Defendants prior to 2008. Defendants base this argument on the fact that  
8 JIPC has stated that its cause of action did not accrue until April 2008 when  
9 Defendants encroached upon JIPC’s geographic market. Defendants do not cite a  
10 single authority for their position, nor could they. Defendants’ intent is relevant to  
11 the issue of likelihood of confusion, willful infringement, and laches among other  
12 issues.

13 “It is well established that an intent of the alleged infringer to gain through  
14 confusing customers or others is relevant to the issue of likelihood of confusion.”  
15 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*  
16 § 23:110, at 23-350 (4th ed. 2009). Indeed, the Defendants’ intent in adopting their  
17 mark is one of the factors this Court must consider under *AMF Incorporated v.*  
18 *Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979). “When the alleged infringer  
19 knowingly adopts a mark similar to another’s, reviewing courts presume that the  
20 defendant can accomplish his purpose: that is, that the public will be deceived.”  
21 *Id.* at 354 (citation omitted).

22 Moreover, courts recognize the “progressive encroachment” theory of  
23 trademark infringement, pursuant to which an infringer may progressively encroach  
24 upon the plaintiff’s rights by, for example, expanding into different markets or  
25 geographic regions. *See, e.g., ProFitness Physical Therapy Center v. Pro-Fit*  
26 *Orthopedic & Sports Physical Therapy P.C.*, 314 F.3d 62, 69 (2d Cir. 2002). In its  
27 Order Granting in Part and Denying in Part Defendants’ Motion for Summary  
28 Judgment, this Court noted the jury in this case can consider evidence relating to

1 Defendants' entry into California and "might therefore conclude that defendants  
2 acted willfully and in bad faith in expanding their activities into California."  
3 (Order, Docket No. 188 at 32, ll. 4-8.)

4 If Defendants are correct, then in all progressive encroachment cases, an  
5 infringer is free to act with willful intent and bad faith in adopting a mark and later  
6 encroaching upon the senior user's market. Under Defendants' theory, the Court or  
7 jury cannot consider evidence of bad faith that predates the date upon which the  
8 plaintiff had a cognizable claim for trademark infringement. This is **not** the law  
9 and Defendants have cited **no authority** for such a proposition.

10 Defendants' intent is relevant to other issues as well. For example,  
11 knowledge of JIPC's mark and communications regarding JIPC's objection to  
12 Defendants' use of its mark is relevant to the issue of laches. *See, e.g., Champagne*  
13 *Louis Roederer v. J. Garcia Carrion, S.A.*, --- F.3d ---, 2009 WL 1767549, at \*3  
14 (8th Cir. June 24, 2009) ("[C]ourts tend to reject a defendant's assertion of the  
15 laches defense when the defendant knew that the plaintiff objected to the use of the  
16 mark. This rule can be understood either as an analogue to assumption of risk, or as  
17 a factor that prevents the defendant from suffering undue prejudice. *See McCarthy,*  
18 *supra*, § 31:12. In either event, forewarning of a plaintiff's objections generally  
19 prevents a defendant from making a laches defense.").

20 Defendants' intent is also relevant to the issue of profits and damages.  
21 4 McCarthy, *supra*, § 23:112, at 23-355.

22 Finally, much of the specific evidence Defendants refer to in their MIL No. 8  
23 is directly relevant to the allegations of Defendants' own Counterclaim. (*See*  
24 Doc. 56 ¶¶ 8-64.) Defendants seek to establish that they acted at all times in good  
25 faith, yet want to exclude any evidence that would show bad faith. Defendants may  
26 not do so.

27 The two cases cited by Defendants do not support Defendants' position. In  
28 *Adidas America, Inc. v. Kmart Corp.*, 2006 U.S. Dist. LEXIS 49766 (D. Or. 2006),

1 the Court merely held that knowledge of a mark, in itself, does not permit an  
2 inference of nefarious intent.<sup>1</sup> *Id.* at \*13. More importantly, however, the Court  
3 did consider the proffered evidence. Moreover, the Court also found that there was  
4 sufficient evidence to establish bad intent with respect to subsequent use, which  
5 prevented the defendant from relying on a laches defense. *Id.* at \*14. *Poling v.*  
6 *Morgan*, 829 F.2d 882 (9th Cir. 1987), is not a trademark case and is completely  
7 irrelevant. In *Poling*, the Court simply declined to allow evidence of prior  
8 unrelated bad acts to establish fraud under the Arizona RICO statute. *Id.* at 887-88.

9 **II. Conclusion.**

10 In light of the foregoing, the Court should deny Defendants' MIL No. 8.

11 DATED: June 29, 2009

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12 By: /s/Steven E. Klein

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25 <sup>1</sup> This case does not involve the mere use of a mark with knowledge of  
26 another's use. Here, Defendants' principal deliberately copied salient portions of  
27 plaintiff's mark with full knowledge that plaintiff had established rights in its mark  
28 in connection with the identical restaurant and entertainment services and in the  
face of plaintiff's repeated objections. *See, e.g. Contemporary Restaurant*  
*Concepts, Ltd. v. Las Tapas-Jacksonville, Inc.*, 753 F. Supp. 1560, 1564-64 (M.D.  
Fla. 1991).